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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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2005 NOV -11P 4:51

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
SUN CITY WATER COMPANY AND SUN CITY
WEST UTILITIES COMPANY FOR APPROVAL
OF CENTRAL ARIZONA PROJECT WATER
UTILIZATION PLAN AND FOR AN
ACCOUNTING ORDER AUTHORIZING A
GROUNDWATER SAVINGS FEE AND
RECOVERY OF DEFERRED CENTRAL
ARIZONA PROJECT EXPENSES

DOCKET NO. W-01656A-98-0577
DOCKET NO. WS-02334A-98-0577

**NOTICE OF FILING REVISED
GROUNDWATER SAVING FEES**

1 Arizona-American Water Company ("Company") the successor in interest to Sun City
2 Water Company and Sun City West Utilities Company hereby files revised Groundwater Saving
3 Fees for its Sun City Water and Sun City West Water Districts, as authorized by the Commission
4 in Decision No. 62293 (February 1, 2000). Copies of the revised tariff schedules are attached.
5 For Sun City Water, the revised Groundwater Savings Fee for residential customers is \$ 1.565
6 per unit, and \$0.1192 per 1,000 gallons for all other customers. For Sun City West Water the
7 revised Groundwater Savings Fee for residential customers is \$ 1.5958 per unit, and \$0.1740
8 per 1,000 gallons for all other customers. Also attached is a workpaper supporting the revised
9 fees.

11 RESPECTFULLY SUBMITTED on November 1, 2005.

12
13 
14

15 Craig A. Marks
16 Corporate Counsel
17 Arizona American Water
18 19820 N. 7th Street
19 Suite 201
20 Phoenix, Arizona 85024

1 Original and 15 copies filed
2 on November 1, 2005, with:

3
4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007
8

9 Copies of the foregoing
10 mailed on November 1, 2005, to:

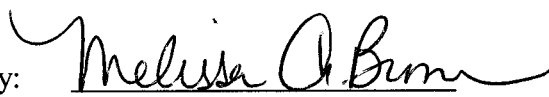
11
12 Ernest Johnson, Director
13 Utilities Division
14 Arizona Corporation Commission
15 1200 West Washington St.
16 Phoenix, Arizona 85007
17

18 Scott Wakefield
19 Residential Utility Consumer Office
20 1110 West Washington Street
21 Suite 220
22 Phoenix, Arizona 85007
23

24 Walter W. Meek
25 Arizona Utilities Investors Association
26 P.O. Box 34805
27 Phoenix, Arizona 85067-4805
28

29 Martinez & Curtis, P.C.
30 2712 N. 7th Street
31 Phoenix, Arizona 85006-1090
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33 William G. Beyer
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35 10448 W. Coggins, Suite C
36 Sun City, Arizona 85351
37

38
39 By: 
40 Melissa Bronson
41
42

Arizona-American Water Company
(Name of Company)

Original

SHEET NO. _____

SHEET NO. _____

Sun City Water District

(Name of Service Area)

Groundwater Savings Fee GFS-1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1, Irrigation Water Rate 1-1 or Public Interruptible Water Service Rate PIR-1.

Residential Users

	<u>Deferred Costs</u>	<u>Annual Costs</u>	<u>Total Charge</u>
Flat Rate per unit per month	\$0.00	\$1.565	\$1.565

Other Users

	<u>Deferred Costs</u>	<u>Annual Costs</u>	<u>Total Charge</u>
All Usage per 1,000 gallons per month	\$0.00	\$0.1192	\$0.1192

Terms and Conditions

The deferred Costs portion of the Groundwater Savings Fee shall be in effect for a sixty-month period from March 2000 through February 2005. The Annual Costs portion shall be adjusted each year to reflect current actual CAP costs.

Over-Recover of Deferred Costs Portion of Groundwater Savings Fee

The Deferred Costs portions of the Groundwater Savings Fee for Sun City Water District were developed, based on a revenue- requirement analysis, to recover the following amounts:

Residential customers	\$11,513 X 60 months = \$690,780
Commercial customers	\$ 3,023 X 60 months = <u>\$181,380</u>

Total	<u>\$872,160</u>
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(Continued on Sheet 8a)

ISSUED: _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Thomas Broderick, Manager Rates & Regulatory Affairs
19820 N. 7th St., Suite 201., Phoenix, Arizona 85024

Decision No. _____

Arizona-American Water Company
(Name of Company)

Original

SHEET NO. _____
SHEET NO. _____

Sun City Water District
(Name of Service Area)

Groundwater Savings Fee GFS-1 (cont.)

Terms and Conditions (cont'd)

Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee

Sun City Water District will track the monthly revenues received in connection with the Deferred Costs portions of the Groundwater Savings Fee. At the end of the sixty-month collection period, the cumulative total received will be compared with the \$872,160 computed above. To the extent a surplus has been recovered, that amount will be placed into an appropriate regulatory liability account on Arizona-American's Water Company's balance sheet for future regulatory disposition, and the Company, by letter, will appropriately notify the Director of Utilities. Should the cumulative surcharge revenues be less than the amounts identified above, Arizona-American Water Company will absorb the deficiency.

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

Following the close of each calendar year, Arizona-American Water Company will compute the revenues received from the Annual Costs portion of the Groundwater Savings Fee during the previous twelve months and compare the total with the actual payments made for CAP water during the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

- Surcharge revenues during the preceding calendar year.
- Actual CAP payments (including MWD credits) applicable to preceding year
 - = (+) surplus or (-) deficit
 - + Estimated CAP payments for coming year (M&I + delivery - MWD credits)
 - = Total target amount to recover during the coming March - February

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March - February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts that are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED: _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Thomas Broderick, Manager Rates & Regulatory Affairs
19820 N. 7th St., Suite 201., Phoenix, Arizona 85024

Decision No. _____

Arizona-American Water Company
(Name of Company)

Original

SHEET NO. _____

SHEET NO. _____

Sun City West Water District

(Name of Service Area)

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1 or Construction Water Service CW-1.

Residential Users

	<u>Deferred Costs</u>	<u>Annual Costs</u>	<u>Total Charge</u>
Flat Rate per unit per month	\$0.00	\$1.5958	\$1.5958

Other Users

	<u>Deferred Costs</u>	<u>Annual Costs</u>	<u>Total Charge</u>
All Usage per 1,000 gallons per month	\$0.00	\$0.1740	\$0.1740

Terms and Conditions

The Deferred Costs portion of the Groundwater Savings Fee shall be in effect for a sixty-month period from March 2000 through February 2005. The Annual Costs portion shall be adjusted each year to reflect current actual CAP costs.

Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee

The Deferred Costs portions of the Groundwater Savings Fee this District were developed, based on a revenue-requirement analysis, to recover the following amounts:

Residential customers	\$6,980 X 60 months = \$418,800
Commercial customers	\$1,279 X 60 months = <u>\$ 76,740</u>
Total	<u>\$495,540</u>

(Continued on Sheet 8a)

ISSUED: _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Thomas Broderick, Manager Rates & Regulatory Affairs
19820 N. 7th St., Suite 201., Phoenix, Arizona 85024

Decision No. _____

Arizona-American Water Company
(Name of Company)

Original

SHEET NO. _____
SHEET NO. _____

Sun City West Water District
(Name of Service Area)

Groundwater Savings Fee GSF – 1 (cont.)

Terms and Conditions (cont'd)

Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee

This District will track the monthly revenues received in connection with the Deferred Costs portions of the Groundwater Savings Fee. At the end of the sixty-month collection period, the cumulative total for this District will be compared with the \$495,540 computed above. To the extent a surplus has been recovered, that amount will be placed into an appropriate regulatory liability account on this District's balance sheet for future regulatory disposition, and the Director of Utilities will be appropriately notified by letter. Should the cumulative surcharge revenues be less than the amounts identified above, the deficiency will be absorbed by the Company.

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

At the close of each calendar year, the Company will compute the surcharge revenues for on going CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

	Surcharge revenues during the preceding calendar year.
-	<u>Actual CAP payments (including MWD credits) applicable to preceding year</u>
=	(+) surplus or (-) deficit
+	<u>Estimated CAP Payments for coming year (M&I + delivery - MWD credits)</u>
=	<u>Total target amount to recover during the coming March - February</u>

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March - February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED: _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Thomas Broderick, Manager Rates & Regulatory Affairs
19820 N. 7th St., Suite 201., Phoenix, Arizona 85024

Decision No. _____

ARIZONA-AMERICAN WATER COMPANY

GROUNDWATER SAVINGS FEE UPDATE

Recovery Target and Tariff Calculations for 2005/2006

	Sun City West		Sun City Water	
2000 Annual Costs	\$	185,016	\$	326,742
2000 Surcharge Revenues		(171,931)	\$	(311,456)
2000 (Over) Under Collected	\$	13,085	\$	15,286
2001 Annual Costs	\$	201,620	\$	356,065
2000 O&M True Up		(4,093)		(7,228)
2001 Surcharge Revenues		(210,702)		(373,038)
2001 (Over) Under Collected	\$	(13,175)	\$	(24,201)
2002 Annual Costs	\$	211,108	\$	372,821
2001 O&M True Up		19,462		34,370
2002 Surcharge Revenues		(228,382)		(370,744)
2002 (Over) Under Collected	\$	2,188	\$	36,446
2003 Annual Costs	\$	206,364		364,443
Surcharge Revenues		(291,158)		(495,902)
2003 (Over) Under Collected	\$	(84,794)	\$	(131,459)
ITD (Over) Under Collected	\$	(82,696)	\$	(103,928)
CAP Payments for 2004	Per AF		Per AF	
M&I Holding Cost	\$	32	\$	32
Delivery Charges		74		74
MWD Credit		(16)		(16)
Per Acre Foot Cost	\$	90	\$	90
Acre Feet Allocation		2,372		4,189
2004 Total		213,480		377,010
Jan - June 2004 Revenues		(130,582)		(232,369)
CAP Payments for 6 months 2005				
M&I Holding Cost	\$	28	\$	28
Delivery Charges		79		79
MWD Credit		(16)		(16)
Per Acre Foot Cost	\$	91		91
Acre Feet Allocation		2,372		4,189
6 Months 2005 Recovery Target		107,926		190,600
Recovery Target for 2004/2005	\$	108,128	\$	231,312
Residential Allocation	a \$	92,774	b \$	178,110
Projected Number of Bills		203,532		257,203
Monthly Charge Per Household	\$	0.4558	\$	0.6925
Other Customer Allocations	c \$	15,354	d \$	53,202
Projected Consumption (kgs)		291,360		1,035,120
Monthly Charge per 1,000 gal.	\$	0.0527	\$	0.0514

- a 85.8% Allocated to residential
- b 77% Allocated to residential
- c 14.2% Allocated to commercial
- d 23% Allocated to "Other"
- e Estimate Per Notification by CAP